



Financial Statements
April 30, 2017 and 2016

Geary Community Hospital

A Component Unit of Geary County, Kansas

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April 30, 2017 and 2016

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Independent Auditor's Report

Board of Trustees
Geary Community Hospital
Junction City, Kansas

Report on Financial Statements

We have audited the accompanying financial statements of Geary Community Hospital (Hospital), a component unit of Geary County, Kansas as of and for the year ended April 30, 2017, and its discretely presented component unit, Geary Community Healthcare Foundation, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Geary Community Healthcare Foundation (Foundation). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Geary Community Hospital as of April 30, 2017, and the changes in its financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Hospital as of April 30, 2016, were audited by other auditors, whose report dated September 23, 2016, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and the required supplementary information on pages 35 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hospital's basic financial statements. The Net Patient Service Revenue schedule, Contractual Allowances, Charity Care and Other Operating Revenues schedule and Operating Expenses schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Oklahoma City, Oklahoma
October 23, 2017

Introduction

This management's discussion and analysis of the financial performance of Geary Community Hospital (Hospital) provides an overview of the Hospital's financial activities for the years ended April 30, 2017 and 2016. It should be read in conjunction with the accompanying financial statements of the Hospital. Unless otherwise noted, the information and financial data included in the management's discussion and analysis relates solely to the Hospital and does not include the Hospital's component unit, Geary Community Healthcare Foundation (Foundation).

Financial Highlights

- Cash and cash equivalents decreased \$2,279,483 or 67% in 2017 and \$1,480,687 or 33% in 2016.
- The Hospital's net position decreased \$3,941,310 in 2017 and \$3,157,654 in 2016.
- The Hospital reported an operating loss of \$4,471,095 and \$3,629,869 in 2017 and 2016. The operating loss in 2017 increased by \$841,226 compared to the operating loss reported in 2016.

Using This Annual Report

The Hospital's financial statements consist of three statements - a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting. Geary Community Healthcare Foundation, a nonprofit organization established to raise funds for the support of health care services and programs of Geary Community Hospital and the Geary County, Kansas area, is included in the Hospital's financial statements as a component unit using the discrete presentation method.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the Hospital as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the changes in the Hospital's net position. The Hospital's total net position (the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources) is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position is an indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

The Hospital's Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources reported in the balance sheet. As shown in Table 1, the Hospital's net position decreased by \$3,941,310 in 2017. In 2016, net position decreased by \$3,157,654.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

	2017	2016	2015
Assets and Deferred Outflows of Resources			
Cash and cash equivalents	\$ 731,217	\$ 3,010,700	\$ 4,491,387
Patient accounts receivable, net	5,073,078	5,416,761	6,175,967
Other current assets	5,561,039	4,199,806	4,335,481
Capital assets, net	37,922,782	40,188,403	42,337,033
Other noncurrent assets	864,665	1,005,751	933,018
Total assets	50,152,781	53,821,421	58,272,886
Deferred Outflows of Resources - Pension	3,372,664	1,585,063	1,706,381
Total assets and deferred outflows of resources	<u>\$ 53,525,445</u>	<u>\$ 55,406,484</u>	<u>\$ 59,979,267</u>
Liabilities			
Long-term debt, excluding current portion	\$ 5,515,810	\$ 5,284,148	\$ 5,730,729
Current liabilities	5,314,209	4,797,303	4,892,967
Net pension liability	15,649,704	14,801,907	14,394,445
Total liabilities	26,479,723	24,883,358	25,018,141
Deferred Inflows of Resources - Pension	2,183,836	1,719,930	3,000,276
Net Position			
Net investment in capital assets	32,046,209	34,450,878	36,136,263
Restricted - expendable	679,033	677,861	843,765
Unrestricted	(7,863,356)	(6,325,543)	(5,019,178)
Total net position	24,861,886	28,803,196	31,960,850
Total liabilities, deferred inflows of resources and net position	<u>\$ 53,525,445</u>	<u>\$ 55,406,484</u>	<u>\$ 59,979,267</u>

Cash decreased during the fiscal year ended April 30, 2017, due to several factors. Net patient service revenue decreased \$1,868,707 or 4.8% during 2017, as compared to 2016. The Hospital also saw a decline in EHR revenue of approximately \$320,420 from 2016 to 2017. Current liabilities increased from 2016 to 2017 mostly due to the timing payments toward accounts payable. Long-term liabilities increased \$231,662 or 4% because of the advanced refunding premium as described in Note 7.

Operating Results and Changes in the Hospital's Net Position

Table 2 shows the different components that make up the \$3,941,310 decrease in net position for 2017. Also shown are the components that make up the \$3,157,654 decrease in net position for 2016.

Table 2: Operating Results and Changes in Net Position

	2017	2016	2015
Operating Revenue			
Net patient service revenue	\$ 37,256,830	\$ 39,125,537	\$ 41,011,342
Electronic health records incentive revenue	-	320,420	704,987
Other revenue	600,080	758,234	763,510
Total operating revenue	<u>37,856,910</u>	<u>40,204,191</u>	<u>42,479,839</u>
Operating Expenses			
Salaries and employee benefits	22,648,332	23,648,436	24,878,196
Purchased services and professional fees	7,030,283	7,272,218	4,791,056
Supplies and other	9,713,238	9,914,085	11,513,397
Depreciation	2,936,152	2,999,321	3,129,566
Total operating expenses	<u>42,328,005</u>	<u>43,834,060</u>	<u>44,312,215</u>
Operating Loss	<u>(4,471,095)</u>	<u>(3,629,869)</u>	<u>(1,832,376)</u>
Nonoperating Revenues (Expenses)			
Noncapital appropriations - Geary County	213,400	207,443	279,070
Interest income	271,844	285,036	197,660
Interest expense	(206,949)	(229,293)	(263,976)
Debt issuance costs	(119,522)	-	-
Noncapital grants and contributions	12,846	20,988	32,289
Net nonoperating revenues	<u>171,619</u>	<u>284,174</u>	<u>245,043</u>
Capital Grants and Gifts	<u>358,166</u>	<u>188,041</u>	<u>409,775</u>
Change in Accounting Principle - GASB No. 68 and 71	<u>-</u>	<u>-</u>	<u>(16,142,220)</u>
Change in Net Position	<u>\$ (3,941,310)</u>	<u>\$ (3,157,654)</u>	<u>\$ (17,319,778)</u>

Operating Loss

The change in the Hospital's net position is significantly affected by its operating income or loss. Generally this is the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The Hospital has reported an operating loss of \$4,471,095 and \$3,629,869 in 2017 and 2016, respectively. The operating loss for 2017 is an increase of \$841,226 from the operating loss for 2016.

The primary components of the increased operating loss are:

- A decrease in net patient service revenue of \$1,868,707 or 4.8%, compared to a decrease of \$1,881,711 or 4.6% in 2016.
- Overall inpatient and outpatient volumes and revenues continued to decline.
- A decrease in electronic health records incentive revenue of \$320,420 or 100% compared to a decrease of \$384,567 or 54% in 2016. 2016 was the last year of benefit for the Hospital under the Meaningful Use program. Altogether, the Hospital has received over \$3,400,000 in total reimbursement for Meaningful Use.
- The Hospital saw a decline in DSH revenue for 2017 of approximately \$82,000 as compared to 2016 which decreased approximately \$270,000 as compared to 2015. The reimbursement under the DSH program fluctuates annually due to changes in volume of care to low income individuals. The DSH program is budget neutral and changes at other facilities in the State of Kansas can have a positive or negative impact on the Hospital's reimbursement under the program.
- A decrease in salary and employee benefits of \$1,000,104 or 4% compared with the \$3,916,246 or 11% decline in 2016. %.
- A decrease in purchased services and professional fees of \$241,935 or 3% compared with an increase of \$2,093,777 or 10%.
- Overall operating expenses decreased \$1,506,055 during 2017 compared to a decrease of \$6,780,114 in 2016.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of gifts, county tax proceeds, investment income and interest expense.

Capital Grants and Gifts

The Hospital received gifts of \$358,166 from various individuals to purchase capital assets in 2017, compared to \$188,041 in 2016. Capital grants and gifts are mostly gifts from the Geary Community Healthcare Foundation which are tied to specific construction projects or to equipment purchases.

The Hospital's Cash Flows

Changes in the Hospital's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At April 30, 2017 and 2016, the Hospital had \$37,922,782 and \$40,188,403 invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the financial statements. In fiscal years 2017 and 2016, the Hospital acquired new capital assets with a total cost of \$670,531 and \$850,691. Net capital assets amounts were reduced by normal depreciation of assets in the amount of \$2,936,152 in 2017 and \$2,999,321 in 2016.

Debt

At April 30, 2017 and 2016, the Hospital had \$5,876,573 and \$5,737,524 in revenue bonds and capital lease obligations outstanding, as detailed in Notes 6 and 7 to the financial statements. During the year ended April 30, 2017, the Hospital refinanced the Public Commission Bonds through an advance refunding. In 2016, the Hospital made schedule payments on outstanding debt.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital administration by telephoning 785.238.4131.

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	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 731,217	\$ 3,010,700
Restricted cash - current	30,397	304,124
Receivables		
Patient, net of estimated uncollectibles of \$6,430,876 in 2017 and \$5,769,364 in 2016	5,073,078	5,416,761
Estimated third-party settlements	3,645,794	1,733,000
Supplies	1,416,217	1,472,063
Prepaid expenses and other	468,631	690,619
Total current assets	11,365,334	12,627,267
Noncurrent Cash and Investments		
Held under bond indenture for debt service - cash	30,397	304,124
Held under bond indenture for debt service - short-term certificates of deposit	436,082	827,153
Restricted by donors for specific operating activities - cash	294,006	43,483
Restricted by donors for specific operation activities - short-term certificate of deposit	-	65,066
	760,485	1,239,826
Less amount required to meet current obligations	30,397	304,124
Total noncurrent cash and investments	730,088	935,702
Capital Assets		
Capital assets not being depreciated	172,357	228,152
Capital assets being depreciated, net	37,750,425	39,960,251
Total capital assets	37,922,782	40,188,403
Other Assets	134,577	70,049
Total assets	50,152,781	53,821,421
Deferred Outflows of Resources - Pension	3,372,664	1,585,063
Total assets and deferred outflows of resources	\$ 53,525,445	\$ 55,406,484

See Notes to Financial Statements

Geary Community Hospital
Statements of Net Position
April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 360,763	\$ 453,376
Accounts payable	3,099,186	2,344,127
Accrued expenses		
Salaries, wages and benefits	1,829,944	1,866,997
Interest	20,217	42,263
Unearned revenue	<u>4,099</u>	<u>90,540</u>
Total current liabilities	<u>5,314,209</u>	<u>4,797,303</u>
Long-Term Debt, Less Current Maturities	<u>5,515,810</u>	<u>5,284,148</u>
Net Pension Liability	<u>15,649,704</u>	<u>14,801,907</u>
Total liabilities	<u>26,479,723</u>	<u>24,883,358</u>
Deferred Inflows of Resources		
Pension	<u>2,183,836</u>	<u>1,719,930</u>
Net Position		
Net investment in capital assets	32,046,209	34,450,878
Restricted		
Expendable for debt service	324,403	573,231
Expendable for specific operating activities	104,130	104,630
Expendable for capital purchases	250,500	-
Unrestricted	<u>(7,863,356)</u>	<u>(6,325,543)</u>
Total net position	<u>24,861,886</u>	<u>28,803,196</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 53,525,445</u></u>	<u><u>\$ 55,406,484</u></u>

Geary Community Hospital
Statements of Financial Position - Discretely Presented Component Unit
Geary Community Healthcare Foundation
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 509,503	\$ 522,805
Investments	4,080,261	4,066,820
Temporarily restricted cash - grant accounts	<u>75,310</u>	<u>174,483</u>
Total assets	<u>\$ 4,665,074</u>	<u>\$ 4,764,108</u>
Liabilities and Net Assets		
Liabilities - annuities payable	<u>\$ 10,940</u>	<u>\$ 14,917</u>
Net Assets		
Net assets - temporarily restricted	75,310	174,483
Net assets - unrestricted	<u>4,578,824</u>	<u>4,574,708</u>
Total net assets	<u>4,654,134</u>	<u>4,749,191</u>
Total liabilities and net assets	<u>\$ 4,665,074</u>	<u>\$ 4,764,108</u>

Geary Community Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Net patient service revenue (net of provision for bad debts of \$5,194,000 in 2017 and \$6,048,000 in 2016)	\$ 37,256,830	\$ 39,125,537
Other revenue	<u>600,080</u>	<u>1,078,654</u>
Total operating revenues	<u>37,856,910</u>	<u>40,204,191</u>
Operating Expenses		
Salaries and wages	18,989,571	19,251,563
Employee benefits	3,658,761	4,396,873
Purchased services and professional fees	7,030,283	7,272,218
Supplies and other	9,713,238	9,914,085
Depreciation	<u>2,936,152</u>	<u>2,999,321</u>
Total operating expenses	<u>42,328,005</u>	<u>43,834,060</u>
Operating Loss	<u>(4,471,095)</u>	<u>(3,629,869)</u>
Nonoperating Revenues (Expenses)		
Noncapital appropriations - Geary County	213,400	207,443
Interest income	271,844	285,036
Interest expense	(206,949)	(229,293)
Debt issuance costs	(119,522)	-
Noncapital grants and contributions	<u>12,846</u>	<u>20,988</u>
Net nonoperating revenues	<u>171,619</u>	<u>284,174</u>
Expenses in Excess of Revenues before Capital Contributions and Grants	(4,299,476)	(3,345,695)
Capital Contributions and Grants	<u>358,166</u>	<u>188,041</u>
Change in Net Position	(3,941,310)	(3,157,654)
Net Position, Beginning of Year	<u>28,803,196</u>	<u>31,960,850</u>
Net Position, End of Year	<u><u>\$ 24,861,886</u></u>	<u><u>\$ 28,803,196</u></u>

Geary Community Hospital
Statements of Activities - Discretely Presented Component Unit
Geary Community Healthcare Foundation
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted Net Assets		
Revenues, Gains and Other Support		
Donations	\$ 74,040	\$ 61,970
Memorials	20,645	23,568
Special events	136,987	128,171
Donated staff and facilities	49,668	49,224
Net investment income	<u>188,288</u>	<u>2,865</u>
Total revenues, gains and other support	<u>469,628</u>	<u>265,798</u>
Expenses		
Program expenses	241,239	484,757
Supporting services	133,211	139,536
Fund raising	<u>91,062</u>	<u>97,859</u>
Total expenses	<u>465,512</u>	<u>722,152</u>
Change in Net Assets	4,116	(456,354)
Unrestricted Net Assets, Beginning of Year	<u>4,574,708</u>	<u>5,031,062</u>
Unrestricted Net Assets, End of Year	<u><u>\$ 4,578,824</u></u>	<u><u>\$ 4,574,708</u></u>
Temporarily Restricted Net Assets		
Revenues, Gains and Other Support		
Grant receipts	\$ 642,522	\$ 670,090
Expenses and Losses		
Grant pass through payments	<u>741,695</u>	<u>591,143</u>
Increase in Net Assets	(99,173)	78,947
Temporarily Restricted Net Assets, Beginning of Year	<u>174,483</u>	<u>95,536</u>
Temporarily Restricted Net Assets, End of Year	<u><u>\$ 75,310</u></u>	<u><u>\$ 174,483</u></u>

Geary Community Hospital
Statements of Cash Flows
Years Ended April 30, 2017 and 2016

	2017	2016
Operating Activities		
Receipts from or on behalf of patients	\$ 35,687,719	\$ 40,011,497
Payments to suppliers and contractors	(15,872,484)	(17,345,856)
Payments to and on behalf of employees	(23,161,283)	(24,370,239)
Other receipts and payments, net	600,080	1,051,797
Net Cash used for Operating Activities	(2,745,968)	(652,801)
Noncapital Related Financing Activities		
Noncapital appropriations - Geary County	213,400	207,443
Noncapital grants and gifts	12,846	20,988
Net Cash from Noncapital Financing Activities	226,246	228,431
Capital and Capital Related Financing Activities		
Principal payments on long-term debt	(4,919,211)	(463,245)
Proceeds from the issuance of long-term debt	4,310,000	-
Interest paid on long-term debt	(228,995)	(239,352)
Payment of financing costs	(119,522)	-
Payment of premium for refunded debt	244,963	-
Capital grants and gifts	358,166	188,041
Purchase of capital assets	(156,347)	(850,691)
Net Cash used for Capital and Capital Related Financing Activities	(510,946)	(1,365,247)
Investing Activities		
Investment income	271,844	285,036
Advances to physicians	-	(69,090)
Net change in certificates of deposit	65,066	(2,801)
Net change in construction escrow and debt-related accounts	391,071	(1,640)
Net Cash from Investing Activities	727,981	211,505
Net Change in Cash and Cash Equivalents	(2,302,687)	(1,578,112)
Cash and Cash Equivalents, Beginning of Year	3,358,307	4,936,419
Cash and Cash Equivalents, End of Year	<u>\$ 1,055,620</u>	<u>\$ 3,358,307</u>

Geary Community Hospital
Statements of Cash Flows
Years Ended April 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 731,217	\$ 3,010,700
Restricted cash - current	30,397	304,124
Restricted by donors for specific operating activities - cash	<u>294,006</u>	<u>43,483</u>
Total cash and cash equivalents	<u>\$ 1,055,620</u>	<u>\$ 3,358,307</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities		
Operating loss	\$ (4,471,095)	\$ (3,629,869)
Provision for bad debt	(5,193,818)	(6,047,732)
Depreciation	2,925,265	2,999,321
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Patient receivables	5,537,501	6,782,418
Estimated third-party payor settlements	(1,912,794)	150,000
Supplies	55,846	(129,308)
Prepaid expenses	221,988	18,356
Accounts payable and accrued expenses	718,006	(41,601)
Net pension liability	847,797	407,462
Deferred outflows of resources	(1,787,601)	121,318
Deferred inflows of resources	463,906	(1,280,346)
Unearned revenue	(86,441)	(2,820)
Other assets and liabilities	<u>(64,528)</u>	<u>-</u>
Net Cash used for Operating Activities	<u>\$ (2,745,968)</u>	<u>\$ (652,801)</u>
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities		
Equipment financed through capital lease arrangement	<u>\$ 514,184</u>	<u>\$ -</u>

Geary Community Hospital
Statements of Cash Flows - Discretely Presented Component Unit
Geary Community Healthcare Foundation
Years Ended December 31, 2015 and 2014

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ (95,057)	\$ (377,407)
Items not requiring (providing) cash		
Increase (decrease) in annuities payable	(3,977)	1,411
Grant accounts held for others	(75,310)	(174,483)
Net realized and unrealized loss on investments	(94,647)	157,698
Net Cash used in Operating Activities	<u>(268,991)</u>	<u>(392,781)</u>
Investing Activities		
Provides from sale of investments	2,126,199	1,863,932
Purchase of investments	(1,870,510)	(1,583,984)
Net Cash from Investing Activities	<u>255,689</u>	<u>279,948</u>
Decrease in Cash	(13,302)	(112,833)
Cash, Beginning of Year	<u>522,805</u>	<u>635,638</u>
Cash, End of Year	<u>\$ 509,503</u>	<u>\$ 522,805</u>

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of Geary County Hospital (Hospital), a component unit of Geary County, Kansas, have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital are described below.

Reporting Entity

The Hospital is an acute care hospital located in Junction City, Kansas. The Hospital is a component unit of Geary County, Kansas (County) and the Board of County Commissioners appoints members to the Board of Trustees of the Hospital. The Hospital primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the County area.

For financial reporting purposes, the Hospital has included all funds, organizations, agencies, boards, commissions, and authorities. The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Hospital are such that the exclusion would cause the Hospital's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Hospital to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Hospital.

Discretely Presented Component Unit

Geary Community Healthcare Foundation (Foundation) is a legally separate, tax-exempt component unit of the Hospital. The Foundation acts primarily as a fund raising organization to supplement the resources that are available to the Hospital in support of its programs. The fifteen member board of the Foundation is self-perpetuating and consists of the Chief Executive Officer (CEO) of the Hospital, three Hospital board members and eleven community members. Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the Hospital by the donors or are provided to the Hospital for its programs. Because the majority of resources held by the Foundation can only be used by, or for the benefit of, the Hospital and for the benefit of patients served by the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements. The Foundation's financial statements are presented on a December 31 year-end basis.

During the years ended April 30, 2017 and 2016, the Foundation distributed \$275,325 and \$189,957, to the Hospital for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1110 St. Mary's Road, Junction City, Kansas 66441.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Hospital's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

Restricted net position:

Restricted - expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Restricted – nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Hospital.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Hospital's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

The Foundation is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Hospital's financial reporting entity for these differences.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Hospital considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Short-Term Investments

Short-term investments include certificates of deposit with an original maturity of three to twelve months, excluding internally designated or restricted cash and investments.

Noncapital Appropriations

The Hospital received approximately 0.56% and 0.51% of its financial support from Geary County. The funds were used to support operations.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Unpaid patient receivables, excluding amounts due from third-party payors are turned over to a collection agency if the receivables remain unpaid after the Hospital's collection procedures. The Hospital does not charge interest on the unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. The net patient service revenue for the years ended April 30, 2017 and 2016 decreased by approximately \$1,350,000 and \$0 as a result of changes in estimates related to allowances.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

Noncurrent Cash and Investments

Noncurrent cash and investments are restricted by trustee for debt reserve and capital asset replacement, and restricted by donors. Certificates of deposit and other deposits are recorded at historical cost.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Capital Assets

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of capital assets are as follows:

Land improvements	5 - 20 years
Buildings	15 - 50 years
Fixed Equipment	10 - 18 years
Major movable equipment	3 - 20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position, and are excluded from expenses in excess of revenue. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

Unearned Revenue

Unearned revenue represents funds received in connection with the Medicaid Disproportionate Share (DSH) Program. Payments are made on a quarterly basis. The Hospital received the quarterly payment, which related to the April through June time window, prior to year-end and deferred the revenue related to May and June.

Bond Premiums and Discounts

Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are amortized over the life debt using the effective interest method. Amortization is included in interest expense.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, other differences between expected and actual experience, and contributions from the employer after the measurement date but before the end of the Hospital's reporting period. The Hospital's deferred outflows of resources are recognized as a component of compensation expense in the following year related to employer contributions, compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences

Hospital policies permit most employees to accumulate vacation and sick leave benefits that maybe realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determine during the termination payment method.

Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensation absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date.

Cost-Sharing Defined Benefit Pension Plan

The Hospital participates in a cost-sharing multiple-employer defined benefit pension plan, the Kansas Public Employees Retirement Savings Plan (KPERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments, changes in assumptions and other differences between expected and actual experience, all associated with the Hospital's participation in the KPERS plan. The Hospital's deferred inflows of resources related to pensions are recognized as a component of compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

Operating Revenues and Expenses

The Hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Hospital result from exchange transactions associated with providing health care services - the Hospital's principal activity, and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amount different from its established rates. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors and a provision for uncollectible accounts. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Grants and Contributions

From time to time, the Hospital receives contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after expenses in excess of revenues.

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$300,000 and \$491,000 for the years ended April 30, 2017 and 2016, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare. Inpatient acute care and skilled swing-bed services are paid at cost, subject to certain limitations, under a demonstration project with Medicare. The project was temporarily discontinued during the current year, then implemented retroactively subsequent to year end. Additional reimbursements due to the Hospital under this program were approximately \$2,883,000 in 2017 and are reported within receivables from estimated third party payors. Additional reimbursements under the program were \$1,435,000 in 2016. Substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge, or per billable service unit. The outpatient payment rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient rehabilitation services, inpatient geropsychiatric services, medical education costs and home health agency services are paid at prospectively determined per diem rates that are based on the patients' acuity. Rural Health Clinic services are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended April 30, 2014.

Medicaid. Inpatient and most outpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology. Rural Health Clinic services are paid on a cost reimbursement methodology. Due to certain financial and clinical criteria, the Hospital also receives Medicaid disproportionate share (DSH) funding. Medicaid DSH payments were \$536,248 and \$618,654 in 2017 and 2016, respectively.

The Hospital has qualified for additional reimbursements from the Tricare program under its hold harmless provisions regarding certain outpatient services provided on and after January 1, 2010. Regulations have been issued regarding this reimbursement, however, due to the uncertainty surrounding the computations and significant delays in implementation of these payment provisions, no amounts have been recorded in the financial statements.

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient service revenues for the years ended April 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Medicare	35%	35%
State-sponsored Medicaid program	14%	13%
Blue Cross and commercial insurances	46%	46%
Uninsured	5%	6%
	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note 3 - Deposits and Investment Income

Deposits

The carrying values of deposits and investments as of April 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Carrying Amount		
Cash and deposits	<u>\$ 1,491,702</u>	<u>\$ 4,250,526</u>

Deposits and investments are reported in the following statement of net position captions:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 731,217	\$ 3,010,700
Restricted cash - current	30,397	304,124
Held under bond indenture for debt service - short-term certificates of deposit	436,082	827,153
Restricted by donors for specific operating activities - cash	294,006	43,483
Restricted by donors for specific operation activities - short-term certificate of deposit	-	65,066
	<u>\$ 1,491,702</u>	<u>\$ 4,250,526</u>

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The Hospital's deposit policy does not further restrict bank deposits or limit investment deposits.

The Hospital's deposits in banks at April 30, 2017 and 2016 were entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name.

Note 4 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended April 30, 2017 are as follows:

	Balance April 30, 2016	Additions	Transfers and Retirements	Balance April 30, 2017
Capital assets not being depreciated				
Land	\$ 167,372	\$ -	\$ -	\$ 167,372
Construction in progress	60,780	4,985	(60,780)	4,985
Total capital assets not being depreciated	<u>\$ 228,152</u>	<u>\$ 4,985</u>	<u>\$ (60,780)</u>	<u>\$ 172,357</u>
Capital assets being depreciated				
Land improvements	\$ 1,080,395	\$ -	\$ -	\$ 1,080,395
Buildings	52,368,411	39,737	60,780	52,468,928
Fixed equipment	4,551,163	40,481	-	4,591,644
Major moveable equipment	19,989,708	585,328	(245,335)	20,329,701
Total capital assets being depreciated	<u>77,989,677</u>	<u>\$ 665,546</u>	<u>\$ (184,555)</u>	<u>78,470,668</u>
Less accumulated depreciation for				
Land improvements	1,011,164	\$ 6,525	\$ -	1,017,689
Buildings	17,067,006	1,732,369	(245,335)	18,554,040
Fixed equipment	4,271,061	25,208	-	4,296,269
Major moveable equipment	15,680,195	1,172,050	-	16,852,245
Total accumulated depreciation	<u>38,029,426</u>	<u>\$ 2,936,152</u>	<u>\$ (245,335)</u>	<u>40,720,243</u>
Net capital assets being depreciated	<u>\$ 39,960,251</u>			<u>\$ 37,750,425</u>
Capital assets, net	<u>\$ 40,188,403</u>			<u>\$ 37,922,782</u>

Capital assets additions, retirements, transfers and balances for the years ended April 30, 2016 are as follows:

	Balance April 30, 2015	Additions	Transfers and Retirements	Balance December 31, 2016
Capital assets not being depreciated				
Land	\$ 167,372	\$ -	\$ -	\$ 167,372
Construction in progress	110,192	60,780	(110,192)	60,780
Total capital assets not being depreciated	<u>\$ 277,564</u>	<u>\$ 60,780</u>	<u>\$ (110,192)</u>	<u>\$ 228,152</u>
Capital assets being depreciated				
Land improvements	\$ 1,080,395	\$ -	\$ -	\$ 1,080,395
Buildings	52,194,027	64,192	110,192	52,368,411
Fixed equipment	4,488,398	62,765	-	4,551,163
Major moveable equipment	19,326,754	662,954	-	19,989,708
Total capital assets being depreciated	<u>77,089,574</u>	<u>\$ 789,911</u>	<u>\$ 110,192</u>	<u>77,989,677</u>
Less accumulated depreciation for				
Land improvements	1,021,030	\$ 6,525	\$ (16,391)	1,011,164
Buildings	15,582,090	1,484,916	-	17,067,006
Fixed equipment	4,202,923	51,747	16,391	4,271,061
Major moveable equipment	14,224,062	1,456,133	-	15,680,195
Total accumulated depreciation	<u>35,030,105</u>	<u>\$ 2,999,321</u>	<u>\$ -</u>	<u>38,029,426</u>
Net capital assets being depreciated	<u>\$ 42,059,469</u>			<u>\$ 39,960,251</u>
Capital assets, net	<u>\$ 42,337,033</u>			<u>\$ 40,188,403</u>

Note 5 - Advances to Physicians

The Hospital has entered into agreements with certain physicians to assist them in starting their practices. Advances made under these agreements are to be repaid when the practice income exceeds specified amounts within a defined time period.

At April 30, 2017 and 2016, there were advances to physicians outstanding in the amounts of \$134,577 and \$70,049, net of allowances of \$124,733 and \$143,895. The outstanding principal balances for the various physician agreements accrue interest at the rate of prime plus 1% per annum and are forgiven after various years of service, dependent upon the physician's contract. If prior to the agreed upon anniversary date of the employment agreement, the physician voluntarily terminates their employment with the Hospital or is terminated for justifiable causes, the unpaid principal balance and all accrued unpaid interest of the agreement shall become due and payable in full immediately.

Note 6 - Lease Obligations

The Hospital leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases. Total lease expense for the years ended April 30, 2017 and 2016 for all operating leases was \$235,866 and \$412,867. The capitalized leased assets consist of

	2017	2016
Major movable equipment	\$ 2,179,770	\$ 1,665,586
Less accumulated amortization	(926,079)	(530,903)
	<u>\$ 1,253,691</u>	<u>\$ 1,134,683</u>

Minimum future lease payments for the capital leases are as follows:

<u>Years Ending April 30,</u>	
2018	\$ 388,052
2019	377,536
2020	341,679
2021	281,775
2021	<u>46,149</u>
Total minimum lease payments	1,435,191
Less amount representing interest	<u>102,694</u>
Present value of minimum lease payments - Note 7	<u>\$ 1,332,497</u>

Note 7 - Long-term Obligations

A schedule of changes in the Hospital's long-term debt for 2017 and 2016 is as follows:

	Balance April 30, 2016	Additions	Payments	Balance April 30, 2017	Due Within One Year
Bonds Payable					
Public Building Commission bonds	\$ 4,625,000	\$ -	\$ 4,625,000	\$ -	\$ -
2016 Public Building Commission bond advance refunding	-	4,310,000	-	4,310,000	-
Reoffering premium	-	244,963	10,887	234,076	16,331
Total bonds	4,625,000	4,554,963	4,635,887	4,544,076	16,331
Capital Leases (Note 6)	1,112,524	514,184	294,211	1,332,497	344,432
	<u>\$ 5,737,524</u>	<u>\$ 5,069,147</u>	<u>\$ 4,930,098</u>	<u>\$ 5,876,573</u>	<u>\$ 360,763</u>

Geary Community Hospital
Notes to Financial Statements
April 30, 2017 and 2016

	Balance April 30, 2015	Additions	Payments	Balance April 30, 2016	Due Within One Year
Bonds Payable					
Public Building Commission bonds	\$ 4,820,000	\$ -	\$ 195,000	\$ 4,625,000	\$ 205,000
Capital Leases (Note 6)	1,380,769	-	268,245	1,112,524	248,376
	<u>\$ 6,200,769</u>	<u>\$ -</u>	<u>\$ 463,245</u>	<u>\$ 5,737,524</u>	<u>\$ 453,376</u>

During 2017, the Hospital issued \$4,310,000 in Refunding Revenue Bonds, Series 2016 (Series 2016 Bonds) with interest at 2.87% per annum to advance refund \$4,420,000 of outstanding Public Building Commission Revenue Bonds with interest at 4.61% per annum.

The advance refunding did not result in a material difference between the reacquisition price and net carrying amount of the old debt. The Hospital completed its advance refunding to reduce its total debt service payments over the next 29 years by approximately \$511,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$7,481.

Public Building Commission Bonds Payable

As of September 1, 2016, the Public Building Commission bonds payable consist of Geary County, Kansas Public Building Commission Revenue Bonds Series 2016 in the original amount of \$4,310,000 bearing interest at 2.87%. The Bonds are payable in semiannual interest only payments beginning February 1, 2017 through February 1, 2019. Annual principal payments begin August 1, 2019 through August 1, 2031.

The bond document requires the Hospital to comply with certain restrictive covenants including minimum insurance coverage, maintaining a debt-service coverage ratio of at least 1.25 to 1, and restrictions on incurrence of additional debt. As of April 30, 2017, the Hospital was not in compliance with one or more of the restrictive covenants listed above. As a result of not being in compliance, the Hospital is to retain an outside consultant to review operations. However, the bonds are not callable as a result of not being in compliance with the covenants.

The debt service requirements of the bonds payable as of April 30, 2017, are as follows:

Years Ending April 30,	Bonds Payable		Total
	Principal	Interest	
2018	\$ -	\$ 124,618	\$ 124,618
2019	-	124,718	124,718
2020	240,000	121,365	361,365
2021	285,000	113,856	398,856
2022	290,000	105,560	395,560
2023 - 2027	1,600,000	393,173	1,993,173
2028 - 2032	1,895,000	140,630	2,035,630
	<u>\$ 4,310,000</u>	<u>\$ 1,123,920</u>	<u>\$ 5,433,920</u>

Note 8 - Pension Plan

Plan Description

The Kansas Public Employees Retirement System Plan is an umbrella organization administering the following three statewide retirement systems under one plan as provided by K.S.A. 74, Article 49: Kansas Public Employees Retirement System (KPERS), Kansas Police and Fire Retirement System and Kansas Retirement System for Judges.

The KPERS plan is a cost-sharing multiple-employer defined benefit plan. KPERS is intended to be a qualified retirement plan under Section 401(a) of the Code. Information relating to KPERS, including stand-alone financial statements, is available by writing to KPERS, 611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3869 or accessing the internet at www.KPERS.org.

KPERS makes separate calculations for pension-related amounts for the following four groups participating in the plan:

- State/School
- Local
- Police and Firemen
- Judges

The Hospital's employees participate in the Local group.

Benefits Provided

Retirement benefits for employees are calculated based on the credited service, final average salary and a statutory multiplier. KPERS has two levels of benefits depending on retirement age and years of credited service. Tier 1 benefits are for members who are age 65 or age 62 with ten years of credited service or of any age when combined age and years of credited service equal 85 "points." Tier 2 benefits are for members who are age 65 with five years of credited service or age 60 with 30 years of credited service. Tier 1 members receive a participating service credit of 1.75% of the final average salary for years of service prior to January 1, 2014. Participating service credit is 1.85% of final average salary for years of service after December 31, 2013. Tier 2 members retiring on or after January 1, 2012, participating service credit is 1.85% for all years of service.

Early retirement is permitted at the age of 55 and ten years of credited service. Benefits are reduced by 0.2% per month for each month between the ages of 60-62, plus 0.6% for each month between the ages of 55 and 60 for Tier 1 members. For Tier 2 members, benefits are reduced actuarially for each early commencement. The reduction factor is 35% at the age of 60 and 57.5% at age 55. If the member has 30 years of credited service, the early retirement reduction is less (50% of regular reduction). The plan also provides disability and death benefits to plan members and their beneficiaries.

The terms of the plan provide for annual 2% cost-of-living adjustment for Tier 2 members who retired prior to July 1, 2012, beginning the later of age of 65 or the second July 1 after retirement date. Other participants do not receive a cost-of-living adjustment.

Contributions

The law governing KPERS requires an actuary to make an annual valuation of the liabilities and reserves and a determination of the contributions required to discharge the KPERS liabilities. The actuary then recommends to the KPERS Board of Trustees the state wide employer-contribution rates required to maintain the three systems on the actuarial reserve basis. Prior to January 1, 2014, Tier 1 participants were required to contribute 4% of their annual pay. Effective January 1, 2014, the rate was raised to 5% with an increase in the benefit multiplier to 1.85% beginning January 1, 2014, for future years of service only. Effective January 1, 2015, the contribution rate was raised to 6%. Tier 2 participants are required to contribute 6% of compensation. The Hospital's contractually required contribution rate for the years ended April 30, 2017 and 2016, was 9.20% and 9.38% of annual payroll. The employer contribution is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Hospital's contributions to KPERS for the pension plan for the years ended April 30, 2017 and 2016, were \$1,537,287 and \$1,657,442.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plan

At April 30, 2017 and 2016, the Hospital reported a liability of \$15,649,704 and \$14,801,907, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of December 31, 2015 and 2014, rolled forward to June 30, 2016 and 2015. The Hospital's proportion of the net pension liability was based on the ratio of the Hospital's actual contributions to total employer and nonemployer actual contributions of the group for the respective measurement periods. At June 30, 2016, the Hospital's proportion was 1.011597%, which was a decrease of .1157000% from its proportion measured as of June 30, 2015, of 1.127297%. At June 30, 2014, the proportion was 1.169507%.

For the years ended April 30, 2017 and 2016, the Hospital recognized pension expense of \$1,051,190 and \$1,247,571. At April 30, 2017 and 2016, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 282,461	\$ -	\$ 419,011
Net difference between projected and actual earnings on pension plan investments	1,848,697	-	-	576,187
Changes in assumptions	90,831	146,393	-	206,874
Changes in proportion	154,691	1,754,982	209,546	517,858
Hospital's contributions subsequent to the measurement date	1,278,445	-	1,375,517	-
Total	<u>\$ 3,372,664</u>	<u>\$ 2,183,836</u>	<u>\$ 1,585,063</u>	<u>\$ 1,719,930</u>

At April 30, 2017, the Hospital reported \$3,372,664 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending April 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2017, related to pensions will be recognized in pension expense as follows:

<u>Years Ended April 30,</u>	
2018	\$ (207,923)
2019	(207,923)
2020	353,317
2021	124,707
2022	<u>(151,795)</u>
Total	<u>\$ (89,617)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2015 and 2014, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4% to 16%, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females Annuitant table, as appropriate with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the three-year period ended December 31, 2012.

The actuarial assumptions used in the December 31, 2015 and 2014 valuations were based on the results of an actuarial experience study for the three-year period ended December 31, 2012. The actuarial assumptions used in the December 31, 2013 and 2012 valuations were based on the results of an actuarial experience study for the three-year period ended December 31, 2009.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2017		2016	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.8%	47%	6.3%
Fixed income	13%	1.3%	13%	0.8%
Yield driven	8%	6.6%	8%	4.2%
Real return	11%	1.7%	11%	1.7%
Real estate	11%	5.1%	11%	5.4%
Alternatives	8%	9.9%	8%	9.4%
Short-term investments	2%	-0.3%	2%	-0.5%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8% for the years ended December 31, 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the contractually required rate. Participating employer contributions do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by KPERS' Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Hospital's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Hospital's proportionate share of the net pension liability has been calculated using a discount rate of 8%. The following presents the Hospital's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Hospital's proportionate share of the net pension liability (2017)	<u>\$ 21,450,451</u>	<u>\$ 15,649,704</u>	<u>\$ 10,731,123</u>
Hospital's proportionate share of the net pension liability (2016)	<u>\$ 21,012,093</u>	<u>\$ 14,801,907</u>	<u>\$ 9,536,890</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

Note 9 - Restricted and Designated Net Positions

At April 30, 2017 and 2016, restricted expendable net positions were available for the following purposes:

	2017	2016
Debt Service	\$ 324,403	\$ 573,231
Specific Operating activities		
Nursing scholarships	104,130	104,630
Capital purchases	<u>250,500</u>	<u>-</u>
Total restricted expendable net position	<u>\$ 679,033</u>	<u>\$ 677,861</u>

Note 10 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at April 30, 2017 and 2016 was as follows:

	2017	2016
Medicare	25%	21%
State-sponsored Medicaid program	10%	14%
Blue Cross	16%	7%
Commercial insurances	34%	26%
Patients	15%	32%
	<u>100%</u>	<u>100%</u>

Note 11 - Contingencies

Risk Management

The Hospital is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Workers' compensation coverage is provided through a fund managed by the Kansas Hospital Association. The workers' compensation premiums are subject to retrospective adjustment based upon the overall performance of the fund. Management believes adequate reserves are in place to cover claims incurred but not reported.

Malpractice Insurance

The Hospital purchases medical malpractice insurance under a fixed premium which provides \$200,000 of coverage for each medical incident and \$600,000 of aggregate coverage for each policy year. The policy only covers claims made and reported to the insurer during the policy terms, regardless of when the incident giving rise to the claim occurred. The Kansas Health Care Stabilization Fund provides an additional \$800,000 of coverage for each medical incident and \$2,400,000 of aggregate coverage for each policy year. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigations, Claims, and Disputes

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 12 - Geary Community Healthcare Foundation

Summary of Significant Accounting Policies

Organization

The Foundation is a not-for-profit organization whose purpose is to raise funds for the support of health and health care program in the County and the Hospital

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Display of Net Assets by Class

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Temporarily restricted assets received in the current year and whose restrictions are met during the year are shown as unrestricted net assets.

Income Taxes

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of one year or less to be cash equivalents. Cash and cash equivalents consist of bank accounts and certificate of deposit located at various financial institutions and brokerages. All deposits were insured by FDIC Coverage and additional pledged securities.

Investments

The Foundation has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Investments are composed of certificates of deposit with maturities longer than one year, U.S. government obligations, corporate bonds and equity securities (mutual funds) carried at fair value. Fair value is determined by quoted market prices in active markets (all Level 1 measurements)

Property and Equipment

The Foundation's equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives. Expenditures for property, furniture and equipment in excess of \$500 and with useful lives of more than one year are capitalized.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and administration have been summarized on a functional basis in the Statements of Activities. Accordingly, expenses that benefit both programs and supporting services have been allocated using management's estimates.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Staff/Facilities

The Hospital provides the office space and utilities as well as a portion of the salaries. The values of these donations are at cost or approximate fair value and are included in "donated staff and facilities" on the Statements of Activities.

Donated Services

The Foundation receives donated services from unpaid volunteers who assist in fund raising and special projects. No amounts have been recognized in the Statements of Activities because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

Revenues, Gains and Other Support

Annual donations are generally available for unrestricted use in the current year unless specifically restricted by the donor. The Foundation holds special fund raising events each year. The revenues from these events are reported separately from their expenses which are recorded in the Statements of Activities as a fund raising activity expense.

Investments

The Foundations' investments as of December 31, 2016 and 2015, are summarized below and are listed at fair value. Investments in debt and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all Level 1 measurement).

	2016	2015
Corporate bonds	\$ 80,494	\$ 81,051
Mutual funds - equities	3,999,767	3,985,769
Total	<u>\$ 4,080,261</u>	<u>\$ 4,066,820</u>

The following schedule summarized the investment return for the years ended December 31, 2016 and 2015:

	December 31, 2016 Unrestricted	December 31, 2015 Unrestricted
Interest and dividends	\$ 78,934	\$ 97,179
Net realized and unrealized gain (loss) on investment	109,355	(94,314)
Total investment return	<u>\$ 188,289</u>	<u>\$ 2,865</u>

Annuities Payable

The Foundation has received charitable gift annuities. These split interest agreement call for payment to the annuitant, over the annuitant's life expectancy based on the IRS annuity tables. At December 31, 2016, the present value of the liability for these payments was \$10,940 and at December 31, 2015, was \$14,917.

Designated Net Assets

The Board of Trustees of the Foundation has designated \$3,000,000 of investments for specific future purposes as of December 31, 2016 and 2015, respectively. The total may be adjusted annually as determined by the Board of Trustees.

Related Entity

The Foundation works closely with the Hospital. Facilities and 20% of the Foundation's executive director's salary and benefits are provided by the Hospital. As discussed above, much of the funds raised by the Foundation are distributed to the Hospital. The entities share four common members of their Boards of Trustees.

Subsequent Events

Subsequent events related to the Foundation were evaluated through August 16, 2017, the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.



Required Supplementary Information
April 30, 2017 and 2016

Geary Community Hospital
A Component Unit of Geary County,
Kansas

Geary Community Hospital
Schedule of the Hospital's Proportionate Share of the Net Pension Liability (Unaudited)
Kansas Public Employees Retirement System Plan

Last 10 Fiscal Years (see Note)

	2017*	2016*	2015*
Hospital's proportion of the net pension liability	1.011597%	1.127297%	1.169507%
Hospital's proportionate share of the net pension liability	\$ 14,102,900	\$ 14,801,907	\$ 14,394,445
Hospital's covered-employee payroll	\$ 16,701,107	\$ 18,184,652	\$ 18,216,708
Hospital's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.44%	81.40%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	65.10%	64.95%	66.60%

* The amounts presented for each fiscal year are as of the measurement date (June 30 of the previous year).

Note to Schedule

This Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Geary Community Hospital
Schedule of the Hospital's Contributions (Unaudited)
Kansas Public Employees Retirement System Plan

Last 10 Fiscal Years (see Note)

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually required contribution	\$ 1,537,287	\$ 1,657,442	\$ 1,712,969
Contractually required contribution	<u>1,537,287</u>	<u>1,657,442</u>	<u>1,712,969</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hospital's covered-employee payroll	\$ 16,746,046	\$ 17,669,957	\$ 18,920,865
Contributions as a percentage of covered-employee payroll	9.18%	9.38%	9.05%

* The amounts presented for each fiscal year are as of the most recent fiscal year end (April 30).

Note to Schedule

This Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.



Supplementary Information
April 30, 2017 and 2016

Geary Community Hospital A Component Unit of Geary County, Kansas

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	2017		
	Inpatient	Outpatient	Total
Daily Patient Services			
Adults and Peds	\$ 4,288,249	\$ -	\$ 4,288,249
Other Nursing Services			
Operating room	5,436,363	8,890,886	14,327,249
Central services and supply	2,212,406	2,045,814	4,258,220
Emergency room	912,349	11,308,285	12,220,634
	<u>8,561,118</u>	<u>22,244,985</u>	<u>30,806,103</u>
Other Professional Services			
Intensive Care	1,466,544	-	1,466,544
Nursery	622,974	-	622,974
Ambulatory	325	353	678
Extended recovery	1,789	440,352	442,141
Anesthesiology	949,273	2,001,895	2,951,168
Radiology, CT, MRI and Ultrasound	2,045,806	22,361,313	24,407,119
Nuclear medicine	29,006	1,446,403	1,475,409
Laboratory	2,783,471	18,134,398	20,917,869
Intravenous therapy	9,145	470,908	480,053
Respiratory therapy	2,160,367	2,148,701	4,309,068
Physical therapy	209,427	33,504	242,931
Occupational therapy	145,734	24,670	170,404
Speech therapy	56,925	27,198	84,123
Cardiac pulmonary rehabilitation	473,446	891,950	1,365,396
Sleep lab	8,190	2,180,728	2,188,918
Pharmacy	3,211,820	2,935,215	6,147,035
Observation	-	1,257,396	1,257,396
RHC clinics	871,702	5,947,604	6,819,306
Home health	-	394,786	394,786
Hospice	-	175,531	175,531
Home medical equipment	-	2,085,136	2,085,136
Orthopedic clinic	123,812	2,199,736	2,323,548
Chapman clinic	-	140,647	140,647
Flint Hills Surgical clinic	142,070	739,041	881,111
Community wellness	-	406	406
	<u>15,311,826</u>	<u>66,037,871</u>	<u>81,349,697</u>
Gross Patient Service Revenue	<u>\$ 28,161,193</u>	<u>\$ 88,282,856</u>	<u>116,444,049</u>
Charity care			<u>835,106</u>
Total patient service revenue			<u>115,608,943</u>
Less Contractual Adjustments			
Medicare and Medicaid			46,431,733
Other			<u>26,726,562</u>
Total contractual adjustments			<u>73,158,295</u>
Provision for Bad Debts			<u>5,193,818</u>
Net Patient Service Revenue			<u>\$ 37,256,830</u>

Geary Community Hospital
Net Patient Service Revenue
Years Ended April 30, 2017 and 2016

	2016		
	Inpatient	Outpatient	Total
Daily Patient Services			
Adults and Peds	\$ 4,718,770	\$ -	\$ 4,718,770
Other Nursing Services			
Operating room	5,582,410	7,832,806	13,415,216
Central services and supply	2,074,532	1,438,927	3,513,459
Emergency room	915,917	12,482,136	13,398,053
	<u>8,572,859</u>	<u>21,753,869</u>	<u>30,326,728</u>
Other Professional Services			
Intensive Care	1,580,528	-	1,580,528
Nursery	753,909	-	753,909
Extended recovery	7,354	412,630	419,984
Anesthesiology	970,647	1,724,609	2,695,256
Radiology, CT, MRI and Ultrasound	2,078,566	23,240,001	25,318,567
Nuclear medicine	35,856	1,471,654	1,507,510
Laboratory	2,762,346	18,880,461	21,642,807
Intravenous therapy	-	668,927	668,927
Respiratory therapy	2,097,854	2,019,507	4,117,361
Physical therapy	196,922	1,513,631	1,710,553
Occupational therapy	156,749	346,441	503,190
Speech therapy	53,290	637,342	690,632
Cardiac pulmonary rehabilitation	710,485	918,841	1,629,326
Sleep lab	11,830	1,380,514	1,392,344
Pharmacy	3,347,770	2,884,964	6,232,734
Observation	-	1,061,742	1,061,742
RHC clinics	703,530	5,126,783	5,830,313
Home health	-	635,214	635,214
Hospice	-	133,386	133,386
Home medical equipment	-	2,029,056	2,029,056
Lifeline	-	3,010	3,010
Orthopedic clinic	200,984	904,618	1,105,602
Chapman clinic	-	142,997	142,997
Flint Hills Surgical clinic	475,832	1,043,797	1,519,629
Community wellness	-	1,100	1,100
Psych clinic	-	1,440	1,440
	<u>16,144,452</u>	<u>67,182,665</u>	<u>83,327,117</u>
Gross Patient Service Revenue	<u>\$ 29,436,081</u>	<u>\$ 88,936,534</u>	<u>118,372,615</u>
Charity care			<u>1,360,232</u>
Total patient service revenue			<u>117,012,383</u>
Less Contractual Adjustments			
Medicare and Medicaid			44,402,259
Other			<u>27,436,855</u>
Total contractual adjustments			<u>71,839,114</u>
Provision for Bad Debts			<u>6,047,732</u>
Net Patient Service Revenue			<u>\$ 39,125,537</u>

Geary Community Hospital
Other Operating Revenues
Years Ended April 30, 2017 and 2016

Other Operating Revenues

	<u>2017</u>	<u>2016</u>
Other Revenue		
Dietary meals	318,836	416,902
Medical records	16,274	13,943
Electronic medical records incentive	-	320,420
Rental income	185,024	233,823
Miscellaneous	<u>79,946</u>	<u>93,566</u>
Total Other Revenue	<u>\$ 600,080</u>	<u>\$ 1,078,654</u>

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	2017		
	Salaries	Other	Total
Nursing Services	\$ 1,811,834	\$ 344,139	\$ 2,155,973
Intensive care	694,843	35,967	730,810
Geriatric psych unit	-	468	468
Nursery	42,326	22,007	64,333
Operating room	1,049,341	1,291,003	2,340,344
Anesthesiology	-	167,717	167,717
Radiology, CT, MRI and Ultrasound	908,599	573,833	1,482,432
Nuclear medicine	60,069	97,582	157,651
Laboratory	881,404	1,340,217	2,221,621
Intravenous therapy	12,465	31,726	44,191
Inhalation therapy	443,399	98,363	541,762
Physical therapy	-	63,771	63,771
Occupational therapy	-	44,423	44,423
Speech therapy	-	14,759	14,759
Cardiac pulmonary rehabilitation	219,701	(1,792)	217,909
Sleep lab	131,680	35,965	167,645
Central supply	183,755	431,093	614,848
Pharmacy	447,799	610,650	1,058,449
Emergency room	1,125,519	1,341,177	2,466,696
RHC clinics	4,353,714	2,182,097	6,535,811
Ambulance	-	353	353
Home medical equipment	233,455	467,063	700,518
Home health	420,159	150,753	570,912
Hospice	40,481	40,304	80,785
Depreciation	-	2,781,748	2,781,748
Employee health and welfare	-	2,820,600	2,820,600
Administrative and general	2,922,040	2,965,661	5,887,701
Operation of plant	540,943	1,384,247	1,925,190
Laundry and linen	44,574	30,907	75,481
Housekeeping	1,088	988,824	989,912
Dietary	5,841	1,070,164	1,076,005
Dietician	14,655	178	14,833
Nursing administrative	783,716	208,605	992,321
Foundation	26,453	3,895	30,348
Public relations	94,024	167,158	261,182
Chapman clinic	52,223	30,092	82,315
Flint hills Surgical clinic	1,259,802	192,663	1,452,465
Ortho clinic	177,773	943,106	1,120,879
Community wellness	2,584	1,381	3,965
Medical arts building	3,312	365,567	368,879
	<u>\$ 18,989,571</u>	<u>\$ 23,338,434</u>	<u>\$ 42,328,005</u>

Geary Community Hospital
Operating Expenses
Years Ended April 30, 2017 and 2016

		2016	
	Salaries	Other	Total
Nursing Services	\$ 1,924,579	\$ 277,394	\$ 2,201,973
Intensive care	663,953	74,639	738,592
Geriatric psych unit	27,041	29,708	56,749
Nursery	45,251	11,236	56,487
Operating room	926,396	809,031	1,735,427
Anesthesiology	-	131,219	131,219
Radiology, CT, MRI and Ultrasound	905,221	617,000	1,522,221
Nuclear medicine	71,229	107,533	178,762
Laboratory	765,375	1,467,432	2,232,807
Intravenous therapy	-	2,978	2,978
Inhalation therapy	454,186	114,898	569,084
Physical therapy	-	1,155,716	1,155,716
Occupational therapy	-	262,555	262,555
Speech therapy	-	223,736	223,736
Cardiac pulmonary rehabilitation	144,952	9,581	154,533
Sleep lab	120,651	34,750	155,401
Central supply	156,053	435,127	591,180
Pharmacy	427,962	753,286	1,181,248
Emergency room	916,888	1,110,040	2,026,928
RHC clinics	4,266,250	1,826,541	6,092,791
Home medical equipment	233,968	458,025	691,993
Home health	532,781	236,823	769,604
Hospice	120,338	71,812	192,150
Depreciation	-	2,798,913	2,798,913
Employee health and welfare	-	3,555,282	3,555,282
Administrative and general	3,046,959	2,992,127	6,039,086
Operation of plant	540,008	1,376,599	1,916,607
Laundry and linen	44,943	32,042	76,985
Housekeeping	170,075	702,047	872,122
Dietary	209,355	1,002,858	1,212,213
Dietician	34,161	522	34,683
Nursing administrative	699,236	223,987	923,223
Foundation	17,405	38,290	55,695
Public relations	84,817	163,814	248,631
Chapman clinic	76,679	29,911	106,590
Flint hills Surgical clinic	1,166,197	511,913	1,678,110
Psych clinic	-	10,169	10,169
Ortho clinic	443,280	531,913	975,193
Community wellness	2,126	-	2,126
Medical arts building	13,248	391,050	404,298
	<u>\$ 19,251,563</u>	<u>\$ 24,582,497</u>	<u>\$ 43,834,060</u>